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NATIONAL SECOND MORTGAGE ASSOCIATION

1990

STATISTICAL STUDY

OF

SECOND MORTGAGE LOANS

AND

HOME EQUITY CREDIT LINES

FOR CALENDAR YEAR

1989

NSMA
8300 Utica Avenue • Suite 173 • Rancho Cucamonga, CA 91730
(800) 342-1121 • (714) 941-2080 • FAX: (714) 941-8248

INTRODUCTION

This is the culmination of an extensive effort by the National Second Mortgage Association to acquire, categorize and display the second mortgage and home equity line of credit loan data of the membership. Our efforts employed the use of an industry standard questionnaire. The questionnaire was sent to the membership in February of 1990 to recover membership data for calendar year 1989.

Of the 138 questionnaires sent out , 40 were returned by the end of May, 1990. Not all of the institutions that returned questionnaires reported in all of the categories of the questionnaire. In order to best use the data that was reported, the use of averages has been employed to make the varied questionnaire responses undeviating. The questionnaire responses were also dissociated according to the reported assets of the institutions that responded. This grouping by reported assets provided categories of responses reflecting similar institutional loan experience.

Since this is the first year of loan data recovery, no historical membership loan data is available for normative comparisons. The data recovered in this statistical study will serve as the baseline for subsequent statistical studies. The experience gained from this statistical study will also serve as a guideline for the enhancement of future statistical questionnaires.

The officers of the National Second Mortgage Association appreciate the efforts of all of the members who were able to assist this important effort with their questionnaire responses.

1990

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FOR CALENDAR YEAR

1989

COMMISSIONED BY

THE NATIONAL SECOND MORTGAGE ASSOCIATION
8300 UTICA AVE. , SUITE 173
RANCHO CUCAMONGA, CA 91730

COORDINATED BY

JOHN T. HAYT
OLD STONE CREDIT CORPORATION
JACKSONVILLE, FLORIDA
(NSMA TREASURER)

COMPILED BY

QUALITY SYSTEM AUDITORS
14059 HARVEY LANE
RIVERSIDE, CA 92503

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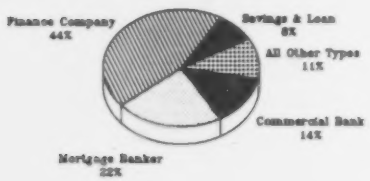
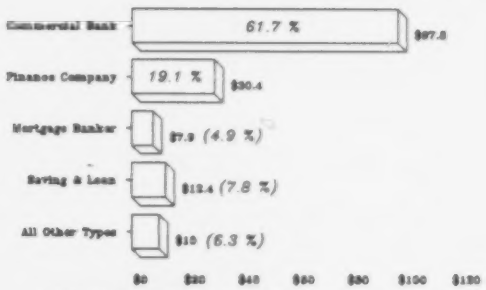
COMPANY TYPES REPORTING ASSETS
TOTAL ASSETS REPORTED $158.5 BILLION
AVERAGE OF REPORTED ASSETS $4.4 BILLION



36 OF 40 RESPONDENTS REPORTED ASSETS

DOLLAR VALUE OF REPORTED ASSETS
ASSETS SHOWN BY INSTITUTION TYPE



ASSETS SHOWN IN BILLIONS OF DOLLARS

Profile of Institutions Reporting Assets

Of the 40 questionnaire respondents, 36 reported their institution's assets. The pie chart and the bar chart above show the relationships of the total assets reported to the types of institutions reporting.

The percentage of each institution type reporting assets is shown in the pie chart while the bar chart displays the actual dollar value of the reported assets for each institution type. The bar chart also shows the relationship of the actual asset dollar value for each institution as a percentage to the total of $158.5 billion in reported assets.

A glance comparison shows that although commercial banks represented only 14 % of the institutions reporting assets, commercial bank assets represented 61.7 % of the total asset dollars reported. (Similar relationships are shown for each institution types in the bar chart.) These relationships are significant factors to the decisions related to how loan volume and value categories are aggregated for display and comparison.

The institutions reporting assets also reported an average of 175 branches operating in an average of 18 states for an average of 14 years.

INSTITUTIONS	UNDER $1 B	$1 - $10 B	OVER $10 B
Commercial Banks	0	2	3
Finance Companies	7	9	0
Mortgage Bankers	7	1	0
Savings & Loan	1	1	1
All Other Types	2	2	0
TOTALS	17	15	4

HOME EQUITY LINE OF CREDIT EXHIBITS

The following pages embody the response of the reporting institutions to over 50 Home Equity Line of Credit categories. The home equity line exhibits are arranged in a table format, cross-tab type report style.

Respondents are segregated into three categories by their reported assets ;

- **Assets Under $1 Billion** *(17 Respondents)*
- **Assets from $1 Billion to $10 Billion** *(15 Respondents)*
- **Assets Over $10 Billion** *(4 Respondents)*

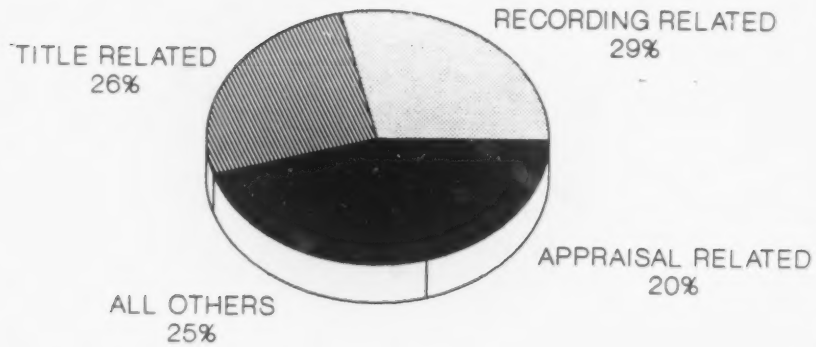
Because there are only 4 respondents in the over $10 billion category, the data displayed may not be of sufficient depth to facilitate a statistical conclusion.

All of the data displayed represents the average of the category responses. These averages are provided as a yard stick of second mortgage loan performance across a broad spectrum of lending institutions.

It should be kept in perspective that the data displayed has no historical data base by which performance comparisons can be made.

The home equity section of the questionnaire was not widely reported by the respondents. For this reason, all of the home equity line data is presented as information only. It should be noted that the sparse reporting may result in inconsistencies in the data presented.

HOME EQUITY LINE OF CREDIT
COSTS CHARGED TO BORROWER



OPEN ENDED HOME EQUITY LINE OF CREDIT DATA

The pie chart shown above displays the costs charged to borrowers that were reported by the aggregate of the respondents.

■ UNDER $1 BILLION

Institutions with assets under $1 billion reported the average volume of committed lines to be $38,875,323 with an average usage of 72%.

■ $1 TO $10 BILLION

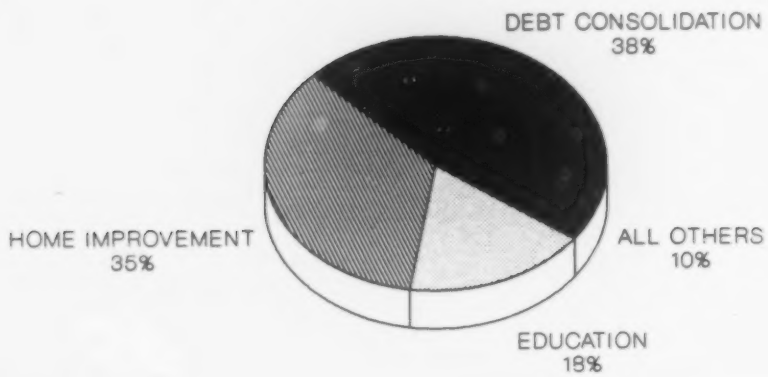
Institutions with assets from $1 to $10 billion reported the average volume of committed lines to be $253,171,730 with an average usage of 66%.

■ OVER $10 BILLION

Institutions with assets over $10 billion reported the average volume of committed lines to be $152,918,443 with an average usage of 65%.

The average minimum home equity line was reported by the aggregate as $9584. The average maximum home equity line was reported by the aggregate as $370,833.

HOME EQUITY LINE OF CREDIT
PRIMARY USES OF THE CREDIT LINE



HOME EQUITY LINE OF CREDIT APPROVAL PROCESS DATA

The pie chart shown above displays the primary uses for home equity lines that were reported by the aggregate of the respondents.

DEBT TO INCOME

The aggregate of the respondents reported that borrower gross income was used to calculate a debt to income percentage with 45% being the average percentage supporting the approval process.

APPROVAL PROCESS

Of the aggregate of respondents, 65% used judgement alone when approving home equity lines while the remaining 35% used a combination of credit scoring and judgement. On the average 81% of the home equity line applications actually closed with an average of 89% reported as the loan to value ratio for a primary residence. By and large a full appraisal was used to support the approval process (89%). Drive-by appraisals were reported to be used 10% of the time to facilitate the approval process while appraisals based on tax assessment were used only 1% of the time.

Home Equity Line of Credit Exhibits

OWNED AND OUTSTANDING LOAN DATA REPORTED
(ALL DATA SHOWN ARE AVERAGES OF REPORTED ACTUAL FIGURES)

DATA CATEGORIES	UNDER $1 B	$1 - $10 B	OVER $10 B
Number of Loans at the Start of the Period	969	7,254	3,269
Number of Loans at the End of the Period	1,117	7,593	4,030
Net Balances at the Start of the Period	$22,748,962	$118,411,749	$131,397,242
Net Balances at the End of the Period	$25,525,141	$195,034,049	$135,633,116
Average of the Average Monthly Net Receivables	$23,482,452	$206,210,181	$93,871,533

LOAN ORIGINATION DATA REPORTED
(ALL DATA SHOWN ARE AVERAGES OF REPORTED ACTUAL FIGURES)

DATA CATEGORIES	UNDER $1 B	$1 - $10 B	OVER $10 B
Loans Originated in the Period	3,597	2,625	1,156
Net Balances Originated in the Period	$16,763,450	$86,481,446	$32,346,457

DATA REPORTED FOR LOANS PURCHASED FROM ORIGINATORS
(ALL DATA SHOWN ARE AVERAGES OF REPORTED ACTUAL FIGURES)

DATA CATEGORIES	UNDER $1 B	$1 - $10 B	OVER $10 B
Number of Loans Purchased in the Period	NOT REPORTED	130	NOT REPORTED
Net Balances of Loans Purchased in the Period	NOT REPORTED	$524,288	NOT REPORTED

Home Equity Line of Credit Exhibits

NON-OWNED BUT SERVICED OUTSTANDING LOAN DATA
(ALL DATA SHOWN ARE AVERAGES OF REPORTED ACTUAL FIGURES)

DATA CATEGORIES	UNDER $1 B	$1 - $10 B	OVER $10 B
Number of Loans at the Start of the Period	NOT REPORTED	40,835	NOT REPORTED
Number of Loans at the End of the Period	NOT REPORTED	47,401	NOT REPORTED
Net Balances at the Start of the Period	NOT REPORTED	$1,149,580,575	NOT REPORTED
Net Balances at the End of the Period	NOT REPORTED	$1,442,402,969	NOT REPORTED
Average of the Average Monthly Net Receivables	NOT REPORTED	$983,026,378	NOT REPORTED

** LOAN SECURITY POSITION REPORTED*
(ALL DATA SHOWN ARE AVERAGES OF REPORTED ACTUAL FIGURES)

DATA CATEGORIES	UNDER $1 B	$1 - $10 B	OVER $10 B
Volume of 2nd Mortgages With a 1st Mortgage Position	$75,000	$59,207,138	NOT REPORTED
Volume of 2nd Mortgages With a 2nd Mortgage Position	$15,507,000	$76,745,022	$31,595,000
Volume of 2nd Mortgages With a 3rd Mortgage Position	$55,000	NOT REPORTED	NOT REPORTED

** DATA SHOWN FOR INFORMATION ONLY. DATA BASE FOR THIS CATEGORY IS NOT OF INSUFFICIENT SIZE FOR STATISTICAL PURPOSES.*

Home Equity Line of Credit Exhibits

CONTRACT DEFAULT DATA REPORTED BY COMPANIES WITH ASSETS UNDER $1 BILLION

- The average number of loans outstanding was reported as 1,117.
- The average volume of loans outstanding was reported as $25,525,141.

The average number and value of accounts current with installments past due was reported as :

CATEGORIES	QUANTITY	VALUE	AS A % OF OUTSTANDING
UNDER 30 DAYS	954	$25,738,942	100.8%
30 TO 59 DAYS	136	$3,154,501	12.3%
60 TO 89 DAYS	15	$330,288	1.2%
90 TO 179 DAYS	10	$297,814	1.1%
OVER 180 DAYS	16	$350,516	1.3%

NOTE: The criteria for the listing of installments past due in the "under 30 day" category tends to vary from institution. These variations in listing criteria results in some skewing of the average in the "under 30 day" category.

CONTRACT DEFAULT DATA REPORTED BY COMPANIES WITH ASSETS FROM $1 - $10 BILLION

- The average number of loans outstanding was reported as 7,593.
- The average volume of loans outstanding was reported as $195,034,049.

The average number and value of accounts current with installments past due was reported as :

CATEGORIES	QUANTITY	VALUE	AS A % OF OUTSTANDING
UNDER 30 DAYS	8,462	$211,906,004	108.6%
30 TO 59 DAYS	252	$7,825,919	4.0%
60 TO 89 DAYS	109	$3,493,229	1.7%
90 TO 179 DAYS	192	$5,877,344	3.0%
OVER 180 DAYS	6	$180,281	.09%

NOTE: The criteria for the listing of installments past due in the "under 30 day" category tends to vary from institution. These variations in listing criteria results in some skewing of the average in the "under 30 day" category.

Home Equity Line of Credit Exhibits

CONTRACT DEFAULT DATA REPORTED BY COMPANIES
WITH ASSETS OVER $10 BILLION

- The average number of loans outstanding was reported as 4,030.
- The average volume of loans outstanding was reported as $135,633,116.

The average number and value of accounts current with installments past due was reported as :

CATEGORIES	QUANTITY	VALUE	AS A % OF OUTSTANDING
UNDER 30 DAYS	1,767	$27,923,333	20.5%
30 TO 59 DAYS	39	$2,190,066	1.6%
60 TO 89 DAYS	7	$363,085	.02%
90 TO 179 DAYS	3	$116,539	.08%
OVER 180 DAYS	0	0	N/A

DATA BASE NOT SUFFICIENT. SHOWN FOR INFORMATION ONLY

HOME EQUITY FORECLOSURE DATA REPORTED

DATA ON PROPERTY HELD FOR RESALE
NO HOME EQUITY DATA WAS REPORTED

PROPERTY LIQUIDATION DATA
NO HOME EQUITY DATA WAS REPORTED

CHARGE-OFF AND LOSS EXPERIENCE
NO HOME EQUITY DATA WAS REPORTED

LOSS PERCENTAGE
NO HOME EQUITY DATA WAS REPORTED

FORECLOSURE BANKRUPTCY
NO HOME EQUITY DATA WAS REPORTED

HOME EQUITY BANKRUPTCY DATA REPORTED

NO HOME EQUITY DATA WAS REPORTED

SECOND MORTGAGE LOAN EXHIBITS

The following pages embody the response of the reporting institutions to over 50 Second Mortgage Loan categories. The second mortgage loan exhibits are arranged in a table format, cross-tab type report style.

Respondents are segregated into three categories by their reported assets ;

- **Assets Under $1 Billion** *(17 Respondents)*
- **Assets from $1 Billion to $10 Billion** *(15 Respondents)*
- **Assets Over $10 Billion** *(4 Respondents)*

Because there are only 4 respondents in the over $10 billion category, the data displayed may not be of sufficient depth to facilitate a statistical conclusion.

All of the data displayed represents the average of the category responses. These averages are provided as a yard stick of second mortgage loan performance across a broad spectrum of lending institutions.

It should be kept in perspective that the data displayed has no historical data base by which performance comparisons can be made.

In some instances the number of responses within a category do not support the development of statistical averages. Such occurrences are footnoted.

Second Mortgage Loan Data Exhibits

OWNED AND OUTSTANDING LOAN DATA REPORTED
(ALL DATA SHOWN ARE AVERAGES OF REPORTED ACTUAL FIGURES)

DATA CATEGORIES	UNDER $1 B	$1 - $10 B	OVER $10 B
Number of Loans at the Start of the Period	3,675	45,909	15,840
Number of Loans at the End of the Period	3,833	43,639	14,409
Net Balances at the Start of the Period	$85,987,674	$902,512,221	$320,243,848
Net Balances at the End of the Period	$110,222,708	$1,036,726,933	$178,019,477
Average of the Average Monthly Net Receivables	$107,115,788	$771,578,124	$63,295,000

LOAN ORIGINATION DATA REPORTED
(ALL DATA SHOWN ARE AVERAGES OF REPORTED ACTUAL FIGURES)

DATA CATEGORIES	UNDER $1 B	$1 - $10 B	OVER $10 B
Loans Originated in the Period	5,025	13,083	NOT REPORTED
Net Balances Originated in the Period	$139,937,272	$376,649,983	NOT REPORTED
Number of Loans Re-financed in the Period	1,119	7,833	NOT REPORTED
Net Balances Refinanced in the Period	$26,666,963	$188,771,968	NOT REPORTED

DATA REPORTED FOR LOANS PURCHASED FROM ORIGINATORS
(ALL DATA SHOWN ARE AVERAGES OF REPORTED ACTUAL FIGURES)

DATA CATEGORIES	UNDER $1 B	$1 - $10 B	OVER $10 B
Number of Loans Purchased in the Period	353	2,028	1,020
Net Balances of Loans Purchased in the Period	$15,571,906	$61,365,620	$22,829,844

Second Mortgage Loan Data Exhibits

NON-OWNED BUT SERVICED OUTSTANDING LOAN DATA
(ALL DATA SHOWN ARE AVERAGES OF REPORTED ACTUAL FIGURES)

DATA CATEGORIES	UNDER $1 B	$1 - $10 B	OVER $10 B
Number of Loans at the Start of the Period	16,761	4,338	NOT REPORTED
Number of Loans at the End of the Period	19,351	4,453	NOT REPORTED
Net Balances at the Start of the Period	$306,400,371	$113,672,794	NOT REPORTED
Net Balances at the End of the Period	$378,208,843	$119,951,967	NOT REPORTED
Average of the Average Monthly Net Receivables	$321,103,058	$138,073,895	NOT REPORTED

LOAN SECURITY POSITION REPORTED
(ALL DATA SHOWN ARE AVERAGES OF REPORTED ACTUAL FIGURES)

DATA CATEGORIES	UNDER $1 B	$1 - $10 B	OVER $10 B
Volume of 2nd Mortgages With a 1st Mortgage Position	$39,379,378	$56,069,914	$1,021,317*
Volume of 2nd Mortgages With a 2nd Mortgage Position	$218,825,890	$292,824,298	$667,850*
Volume of 2nd Mortgages With a 3rd Mortgage Position	$5,227,169	$27,034,487	NOT REPORTED

** DATA SHOWN FOR INFORMATION ONLY. DATA BASE FOR THIS CATEGORY IS NOT OF INSUFFICIENT SIZE FOR STATISTICAL PURPOSES.*

SECOND MORTGAGE ADJUSTABLE RATE DATA REPORTED

(THE AGGREGATE OF ALL ASSET CATEGORIES IS REFLECTED)

The average volume of second mortgage closed end loans that employed the use of an adjustable interest rate was reported as *$40,391,750*. On the average, the most common annual percentage rate cap was reported as *7.8%* while the average and most common percentage rate cap for the life of the loan was reported as *14.3%*.

Second Mortgage Loan Data Exhibits

RATE INDEXES

Among the indexes reported by which rates were adjusted, the most common reported indexes were:

- 1 TO 3 YEAR AVERAGE TREASURY SECURITY
- 1 YEAR TREASURY BILL
- WALL STREET JOURNAL PRIME RATE

SALES ACTIVITY

The average reported net balance of loans sold to FNMA and to FHLMC were:

- FNMA = $51,615,579*
- FHLMC = $6,628,500*

* NOTE: The responses in this category did not provide a large enough data base to represent a meaningful statistical presentation. These figures are shown for information only.

CONTRACT DEFAULT DATA REPORTED BY COMPANIES WITH ASSETS UNDER $1 BILLION

- The average number of loans outstanding was reported as 23,223.
- The average volume of loans outstanding was reported as $488,431,551.

The average number and value of accounts current with installments past due was reported as :

CATEGORIES	QUANTITY	VALUE	AS A % OF OUTSTANDING
UNDER 30 DAYS	8,893	$203,287,068	41.6%
30 TO 59 DAYS	223	$4,716,025	.9%
60 TO 89 DAYS	54	$1,285,893	.2%
90 TO 179 DAYS	65	$1,849,761	.3%
OVER 180 DAYS	67	$1,797,285	.3%

NOTE: The criteria for the listing of installments past due in the "under 30 day" category tends to vary from institution. These variations in listing criteria results in some skewing of the average in the "under 30 day" category.

Second Mortgage Loan Data Exhibits

CONTRACT DEFAULT DATA REPORTED BY COMPANIES WITH ASSETS FROM $1 - $10 BILLION

- The average number of loans outstanding was reported as 48,092.
- The average volume of loans outstanding was reported as $1,156,678,910.

The average number and value of accounts current with installments past due was reported as :

CATEGORIES	QUANTITY	VALUE	AS A % OF OUTSTANDING
UNDER 30 DAYS	37,630	$702,217,306	60.7%
30 TO 59 DAYS	2,742	$73,023,820	6.3%
60 TO 89 DAYS	424	$8,082,028	.6%
90 TO 179 DAYS	623	$12,516,692	1.0%
OVER 180 DAYS	230	$6,289,525	.5%

NOTE: The criteria for the listing of installments past due in the "under 30 day" category tends to vary from institution. These variations in listing criteria results in some skewing of the average in the "under 30 day" category.

CONTRACT DEFAULT DATA REPORTED BY COMPANIES WITH ASSETS OVER $10 BILLION

- The average number of loans outstanding was reported as 14,456.
- The average volume of loans outstanding was reported as $178,290,049.

The average number and value of accounts current with installments past due was reported as :

CATEGORIES	QUANTITY	VALUE	AS A % OF OUTSTANDING
UNDER 30 DAYS	9,516	$116,921,231	65.5%
30 TO 59 DAYS	416	$3,882,078	2.1%
60 TO 89 DAYS	160	$1,258,060	.7%
90 TO 179 DAYS	413	$4,673,591	2.6%
OVER 180 DAYS	0	0	N/A

DATA BASE NOT SUFFICIENT. SHOWN FOR INFORMATION ONLY

SECOND MORTGAGE FORECLOSURE DATA REPORTED

DATA ON PROPERTY HELD FOR RESALE

DATA CATEGORIES	UNDER $1 B	$1 - $10 B
Average Volume of Loans Outstanding for the Period	$488,431,551	$1,156,678,910
Average Monthly Volume of Loans in Foreclosure During the Period	$4,359,498	$1,033,812
Number of Properties Held for Resale at the End of the Previous Period	30	159
Number of Properties Held for Resale at the End of the Current Period	44	204
Number of Foreclosure to Title Actions During the Current Period	100	25
Number of Foreclosure Actions Filed During the Current Period	192	394
Average Number of Reinstated Accounts During the Period	58	* 7
Average Value of Resale Property Held at the End of the Previous Period	$1,092,471	$5,297,910
Average Value of Resale Property Held at the End of the Current Period	$1,815,583	$6,673,424
Average Value of Property Foreclosed to Title During Current Period	$3,751,656	$11,057,928
Average Value of Foreclosure Actions Filed During the Period	$239,805,179	$429,978,789
Average Value of Reinstated Accounts During the Period	$2,436,256	* $191,444

NOTE: DATA BASE FOR INSTITUTIONS WITH ASSETS OVER $10 BILLION WAS NOT OF SUFFICIENT SIZE FOR STATISTICAL PURPOSES.

** Loan reinstatement data was not widely reported by institutions in the $1 to $10 billion category. The data shown is for information only.*

Actual foreclosures as a % of the monthly outstanding was reported by the aggregate of respondents as 7.87%. The aggregate of respondents reported an average of $507,321 in additional expenses incurred on foreclosed property. (The additional expenses ranged from a low of $20,000 to a high of $2,448,000.)

PROPERTY LIQUIDATION DATA

The aggregate of respondents reported that an average of 161 properties were sold resulting in an average recovery of $5,465,660.
Properties charged-off during the period averaged 36 at an average of $640,968. Properties that were redeemed averaged 58 representing an average of $1,681,069.

CHARGE-OFF AND LOSS EXPERIENCE
(INSTITUTIONS WITH ASSETS GREATER THAN $10 BILLION DID NOT REPORT)

DATA CATEGORIES	UNDER $1 B	$1 - $10 B
The Average Monthly Outstanding Reported in the Period	$243,441,027	$903,358,282
The Average Volume of Loans Charged to the Loss Reserve in the Period	$1,501,611	$3,809,217
The Average Net Losses Reported in the Period	$1,392,633	$3,167,495

LOSS PERCENTAGE

UNDER $1 BILLION

The average annualized Percent net loss was reported as .34%.
The average loss provision as a percent of the monthly outstanding was reported as 1.07%.

$1 - $10 BILLION

The average annualized Percent net loss was reported as .47%.
The average loss provision as a percent of the monthly outstanding was reported as 1.66%.

FORECLOSURE BANKRUPTCY

The average of the aggregate of the number of bankruptcies filed on foreclosed property for the period was 12. The average volume of those foreclosed properties was $421,842.

PERCENT CONTRACTUALLY DEFAULT AT PERIOD END
(INSTITUTIONS WITH ASSETS GREATER THAN $10 BILLION DID NOT REPORT)

Data Categories	Under $1 B	$1 - $10 B
30 Days	7.5%	1.9%
60 Days	3.1%	.54%
90 Days	7.8%	.53%
180 Days	23.1%	.82%

* Data in the $1 - $10 Billion category is shown for information only. Data base is insufficient.

SECOND MORTGAGE BANKRUPTCY DATA REPORTED

(INSTITUTIONS WITH ASSETS GREATER THAN $10 BILLION DID NOT REPORT)

DATA CATEGORIES	UNDER $1 B	$1 - $10 B
Number of Accounts Bankrupt at the Beginning of the Period	79	4,022
Number of Accounts Bankrupt at the End of the Period	87	4,606
Percent of Accounts Increase or (Decrease)	38%	78%
Bankrupt Volume Outstanding at the Beginning of the Period	$3,123,975	$13,054,003
Bankrupt Volume Outstanding at the End of the Period	$4,059,716	$17,550,003
Percent of Volume Increase or (Decrease)	56%	61%
Number of Bankrupt Accounts Classified Current at Period End	270	342
Volume of Current Bankrupt Accounts at Period End	$2,247,135	$11,314,242
Bankrupt Outstanding Charged to the Loss Reserve During the Period	$29,861	$1,583,000

BORROWER AND LOAN DEMOGRAPHICS

This section of the statistical study encompasses the display of borrower and loan demographics. The loan demographic categories were not widely reported by the institutions responding to the questionnaire. For this reason, all responses to the demographic categories, regardless of the listed assets of the reporting institutions, were used to develop each category average. The demographic data displayed is provided for information only.

Of the 40 respondents to the statistical questionnaire only 25%, on the average, reported in the 8 general loan demographic categories. The 8 demographic categories are:

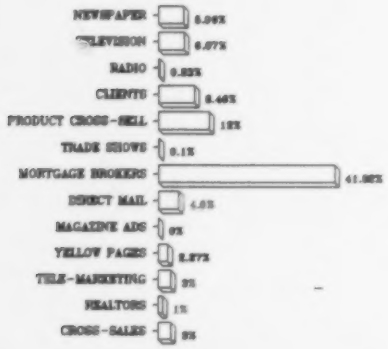
Loan Advertising Method	**Borrower Home Equity**
Borrower Age Groups	**Borrower's Property Value**
Borrower Job Categories	**Loan Size Categories**
Borrower Gross Income	**Combined Loan to Value Ranges**

The responses in the general loan demographic categories provide a "yard stick" for comparison. Association members can use this "yard stick" to compare their demographics with those reported and/or make decisions related to the most productive loan demographics to track.

The use of loan demographics by a lending institution provides that institution with valuable tools by which a loan marketing plan can be formulated. By knowing what media gets the best solicitation response, what groups are most likely to respond to solicitations and what loan sizes are most likely to be written, the lending institution can maximize its return on its marketing investment.

The general loan demographics in this section of the statistical study are displayed using a combination of bar graphs and pie charts. Each of the 8 demographic categories is displayed on a single page. Each page shows the data reported for both Second Mortgage and Home Equity loans. Directly under each graphic presentation is a brief narrative. Each narrative will include pertinent loan figures related to average dollars in loan originations of the reporting institutions. The lowest and highest volume of loan originations is also displayed to provide some perspective relative to the range of the average.

LOAN ADVERTISING METHOD
DISPLAYED AS
AVERAGE LOAN VOLUME IN PERCENT



SECOND MORTGAGE

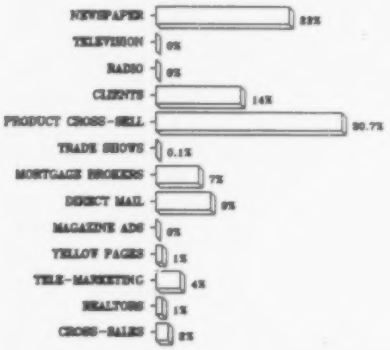
LOAN ORIGINATIONS

Lowest= $14,303,235
Highest= $585,217,861
Average=$151,054,659

The most loan production was associated with the use of Mortgage Brokers. Product Cross-sell and Client Referrals followed a close second and third. The use of television, newspapers and direct mail provided less of a return for the advertising dollar.

Based on the data reported, the development of a Mortgage Broker network as a source for new loans appears to be a good use of marketing time and money. Each geographic area may however have unique factors that favor one advertising approach over another.

LOAN ADVERTISING METHOD
DISPLAYED AS
AVERAGE LOAN VOLUME IN PERCENT



HOME EQUITY

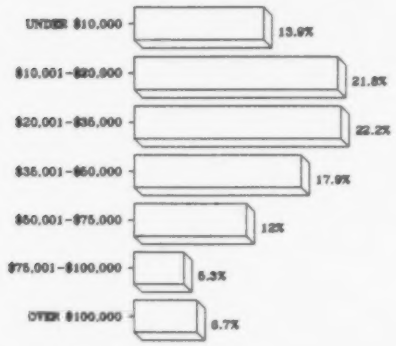
LOAN ORIGINATIONS

Lowest= $31,595,000
Highest= $33,097,913
Average=$32,589,887

Product Cross-sell was reported as the most productive advertising method for home equity line of credit loan production. Unlike second mortgages, however, newspapers were reported to be a good advertising vehicle for loan production. Client Referrals, Direct Mail and the use of Mortgage Brokers followed respectively in advertising effectiveness.

This category was not widely reported and therefore may not be statistically sound.

LOAN SIZE CATEGORIES
DISPLAYED AS
AVERAGE LOAN VOLUME IN PERCENT



SECOND MORTGAGE

LOAN ORIGINATIONS

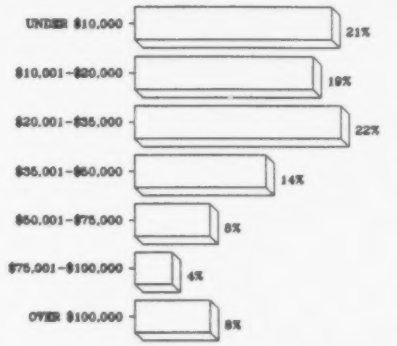
Lowest= $28,088,000
Highest=$1,373,070,000
Average= $301,454,057

The second mortgage loan sizes that were most awarded were between $10,000 and $50,000. Loans under $10,000 and those in the category $50,000 to $75,000 represented the second most frequent loan sizes awarded.

When this data is combined with the borrower demographics, a profile of second mortgage loan trends begins to take shape.

Loan sizes may vary relative to geographic location and/or ethnic distribution.

LOAN SIZE CATEGORIES
DISPLAYED AS
AVERAGE LOAN VOLUME IN PERCENT



HOME EQUITY

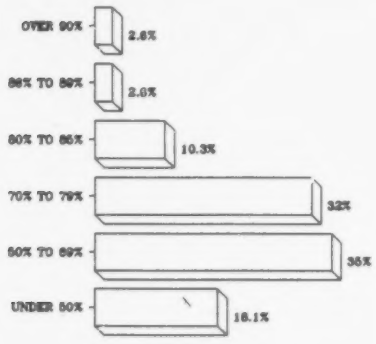
LOAN ORIGINATIONS

Lowest= $20,958,928
Highest= $453,490,000
Average=$113,522,968

The home equity loan size distribution is roughly the same as that for the second mortgage. More loans under $10,000 and less loans over $50,000 were reported.

Loan sizes may vary relative to geographic location and/or ethnic distribution.

COMBINED LOAN TO VALUE RANGES
DISPLAYED AS
AVERAGE LOAN VOLUME IN PERCENT



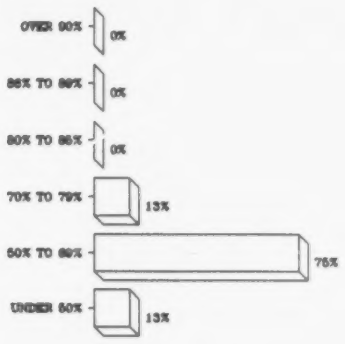
SECOND MORTGAGE

LOAN ORIGINATIONS

Lowest= $50,226,771
Highest= $308,552,554
Average= $117,910,806

The combined loan to value ranges are not surprisingly weighted towards to lower end of the percentage spectrum. This category was not widely reported as evidenced by the loan origination data. The information displayed is provided for information only.

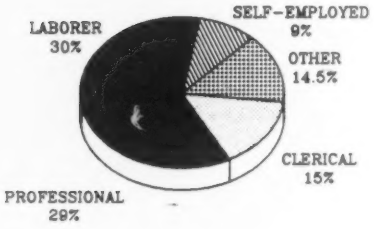
COMBINED LOAN TO VALUE RANGES
DISPLAYED AS
AVERAGE LOAN VOLUME IN PERCENT



HOME EQUITY

This category was not widely reported. No loan origination data was reported. The data displayed is provided as information only.

BORROWER JOB CATEGORY
DISPLAYED AS
AVERAGE LOAN VOLUME IN PERCENT



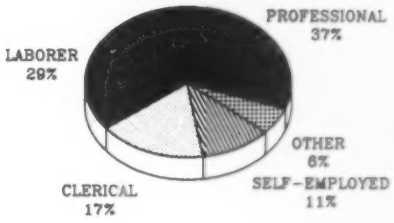
SECOND MORTGAGE

LOAN ORIGINATIONS

Lowest= $28,088,000
Highest=$1,373,070,000
Average= $350,964,091

The borrower job categories of Professional and Laborer represented the most loan production. These job classifications, relative to title description, may vary form one geographic location to another.

BORROWER JOB CATEGORY
DISPLAYED AS
AVERAGE LOAN VOLUME IN PERCENT



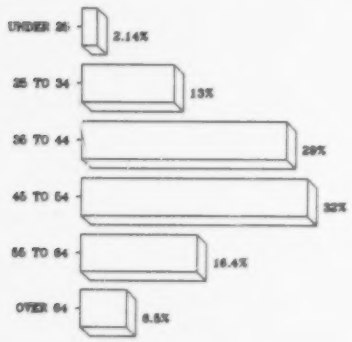
HOME EQUITY

LOAN ORIGINATIONS

Lowest= $28,473,000
Highest= $453,490,000
Average=$171,686,871

This demographic category was not widely reported, however, the percentages displayed are not unexpected. As with second mortgages, loans to professionals and laborers were most commonly reported.

BORROWER AGE GROUPS
DISPLAYED AS
AVERAGE LOAN VOLUME IN PERCENT



SECOND MORTGAGE

LOAN ORIGINATIONS

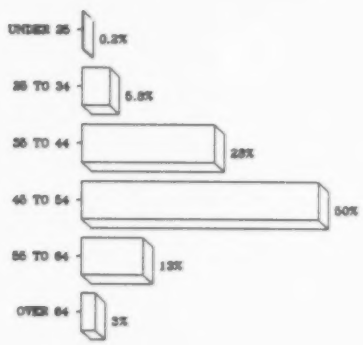
Lowest= $28,088,000
Highest=$1,373,070,000
Average= $372,382,096

By and large, the most second mortgage loans were awarded to borrowers between the ages of 35 and 54.

The combination of a borrower's ability to qualify as well as a borrower's need to secure a loan, probably contribute equally to the displayed averages.

The lower and higher age category averages most likely weigh the borrower's ability to secure/need to acquire loans in varying proportions.

BORROWER AGE GROUPS
DISPLAYED AS
AVERAGE LOAN VOLUME IN PERCENT



HOME EQUITY

LOAN ORIGINATIONS

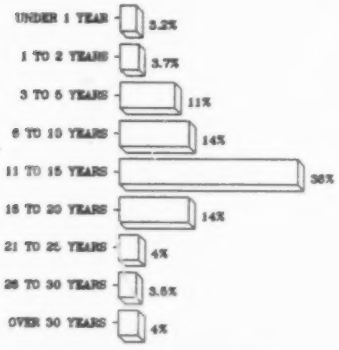
Lowest= $28,473,000
Highest=$453,490,000
Average=$140,932,530

Most home equity lines were awarded to borrower's between the ages of 35 and 54 as is the case for second mortgage loans. The percentage distribution is however, somewhat different.

It would appear that the factors contributing to the decision to award a home equity line favor the more established home owner.

The ability to secure/need to acquire loans also contribute to the modified distribution in percentages associated with the home equity line of credit loans reported.

BORROWER HOME OWNERSHIP
DISPLAYED AS
AVERAGE LOAN VOLUME IN PERCENT

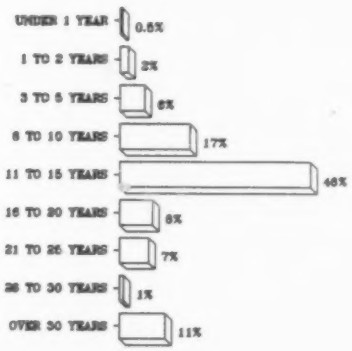


SECOND MORTGAGE

LOAN ORIGINATIONS

Lowest= $28,088,000
Highest= $484,400,000
Average=$172,332,465

BORROWER HOME OWNERSHIP
DISPLAYED AS
AVERAGE LOAN VOLUME IN PERCENT



HOME EQUITY

LOAN ORIGINATIONS

Lowest= $28,473,000
Highest= $33,097,913
Average=$30,785,457

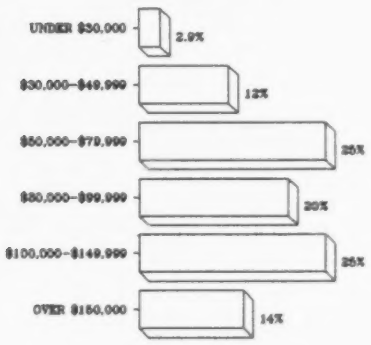
The years of home ownership most reported were between 3 and 20 years with most loans being awarded in the 11-15 year category.

The established home owner is, according to the reported data, either most likely to be approved for a loan or most likely to apply for a loan.

It would appear as though marketing efforts directed towards the more established home owner represent the most effective use of the marketing dollar.

The home equity data for this category was not widely reported. The data displayed is provided as information only and may not accurately represent trends in home ownership.

BORROWER PROPERTY VALUE
DISPLAYED AS
AVERAGE LOAN VOLUME IN PERCENT



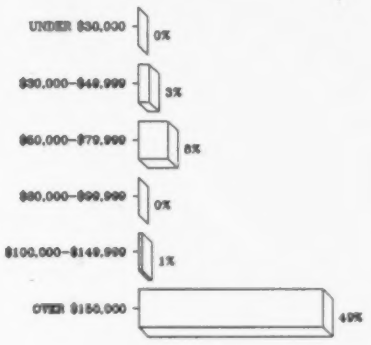
SECOND MORTGAGE

LOAN ORIGINATIONS

Lowest= $57,365,512
Highest= $378,154,829
Average=$178,808,579

Most of the second mortgages written were written on properties in the value ranges from $50,000 to $149,000. This information, when combined with the other borrower data, can provide a good profile of the most likely marketing target for second mortgage loans.

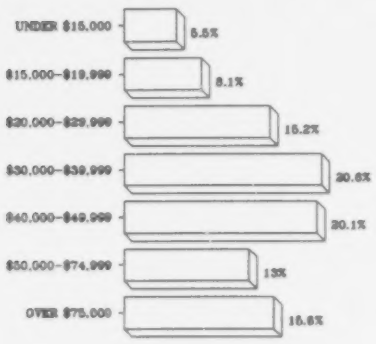
BORROWER PROPERTY VALUE
DISPLAYED AS
AVERAGE LOAN VOLUME IN PERCENT



HOME EQUITY

This category was not widely reported. No loan origination data was reported. The data displayed is provided as information only.

BORROWER GROSS INCOME
DISPLAYED AS
AVERAGE LOAN VOLUME IN PERCENT



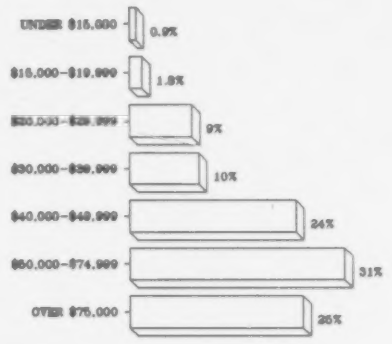
SECOND MORTGAGE

LOAN ORIGINATIONS

Lowest= $28,088,000
Highest=$1,373,070,000
Average= $372,382,096

Most of the second mortgages written were awarded to borrowers with gross incomes between $20,000 and $50,000. This data is not surprising and is consistent with the government statistics related to median income and home ownership. When this data is combined with the other borrower data it provides a very detailed profile of the most encountered second mortgage borrower.

BORROWER GROSS INCOME
DISPLAYED AS
AVERAGE LOAN VOLUME IN PERCENT



HOME EQUITY

LOAN ORIGINATIONS

Lowest= $28,473,000
Highest= $453,490,000
Average= $140,932,530

Most home equity loans were awarded to borrowers with gross incomes in the $40,000 to over $75,000 range. This data would seem to indicate a more conservative approach to the home equity line of credit market by those institutions that responded in this category. The home equity data reported in the borrower related demographic questions was not widely reported.

The information displayed relative to a home equity borrower profile should be viewed as information only and not indicative of a trend that encourages a market approach.

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